

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

IN RE NATIONAL PRESCRIPTION
OPIATE LITIGATION

This document relates to:
"Track One Cases"

MDL No. 2804

Case No. 17-md-2804

Hon. Dan Aaron Polster

AFFIDAVIT OF JOHN EINWALTER
IN SUPPORT OF MALLINCKRODT PLC'S
MOTION TO DISMISS FOR LACK OF PERSONAL JURISDICTION

I, John Einwalter, make oath and solemnly affirm:

1. My name is John Einwalter. I currently serve as Vice President and Treasurer of Mallinckrodt plc, Mallinckrodt LLC, and SpecGx LLC. Each statement made in this affidavit is based upon facts within my personal knowledge obtained in my current role and my review of relevant records. I could and would testify to the same if called as a witness in this matter.

2. Mallinckrodt plc and its related entities observe corporate formalities and maintain arms-length relations between parent and subsidiaries.

Cash Pools

3. Mallinckrodt LLC and SpecGx LLC, along with other U.S.-based Mallinckrodt corporate entities, are party to Cash Management Agreements ("CMAs") that effectively consolidate cash into a shared bank account (the "U.S. Cash Pool").

4. The amount deposited or withdrawn by each entity participating in the U.S. Cash Pool is separately accounted for on each entity's separate financial statements.

5. No entity within the Mallinckrodt corporate family is entitled to withdraw funds exceeding its deposits in the U.S. Cash Pool unless it is pursuant to an arms-length cash management agreement between entities that use the U.S. Cash Pool.

6. Mallinckrodt plc does not deposit or withdraw cash from the U.S. Cash Pool.

7. Mallinckrodt plc and other Europe-based Mallinckrodt corporate entities participate in a similar cash pooling structure that effectively consolidates cash into a shared bank account located in Luxembourg (the “MIFSA European Cash Pool”).

8. The amounts deposited or withdrawn by each entity participating in the MIFSA European Cash Pool are separately accounted for on each entity’s separate financial statements.

9. No entity within the Mallinckrodt corporate family is entitled to withdraw funds exceeding its deposits in the MIFSA European Cash Pool unless it is pursuant to an arms-length cash management agreement between entities that use the MIFSA European Cash Pool.

10. Mallinckrodt LLC and SpecGx LLC do not deposit or withdraw cash from the MIFSA European Cash Pool.

11. Cash is transferred between the U.S. Cash Pool and the MIFSA European Cash Pool primarily under four types of internal, arms-length transactions between Mallinckrodt corporate entities.

12. The first type is an intercompany lending agreement whereby a Mallinckrodt corporate entity lends or borrows cash from another Mallinckrodt corporate entity. These agreements require principal and interest payments that are typically settled on a quarterly, semi-annual or annual basis.

13. The second category of transactions relate to product sales or trade flows between companies. This includes royalty agreements pursuant to which a Mallinckrodt corporate entity generates income from the sale of a product and transfers cash to another Mallinckrodt corporate entity that owns intellectual property and is due a royalty associated with that product.

14. The third is a services agreement pursuant to which a Mallinckrodt corporate entity provides services to another Mallinckrodt corporate entity participating in a different cash pool, and the entity receiving services from the other entity settles its outstanding obligations to that entity.

15. The fourth are capital movements—such as a dividend distribution or capital contribution—pursuant to a Mallinckrodt corporate entity’s status as a shareholder or subsidiary of another Mallinckrodt corporate entity.

16. Mallinckrodt plc does not direct the transfer of cash between the U.S. Cash Pool and the MIFSA European Cash Pool at its discretion.

17. Mallinckrodt plc manages and provides corporate oversight to indirect subsidiaries, including Mallinckrodt LLC and SpecGx LLC. It does not control daily operations and does not exercise direct control over the transfer of funds between companies in the Mallinckrodt corporate family.

18. The use of cash pooling is a common corporate practice that allows for efficient investment of cash at more favorable interest rates and better risk management that collectively benefits all participants in the pool.

Internal and External Debt Agreements

19. Mallinckrodt plc does not issue external debt.

20. Mallinckrodt plc has certain internal debt obligations pursuant to inter-company lending agreements. Neither Mallinckrodt LLC nor SpecGx LLC is a creditor of Mallinckrodt plc.

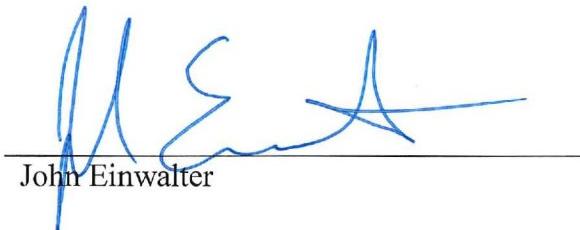
21. Mallinckrodt International Finance SA (“MIFSA”), a Luxembourg-based subsidiary of Mallinckrodt plc, is the named debtor for the majority of external debt obligations incurred within the Mallinckrodt corporate family.

22. Most subsidiaries within the Mallinckrodt corporate family guarantee debt agreements entered into by MIFSA.

23. It is commonplace among multinational corporate affiliates for certain entities to specialize in financing activities, including the issuance of debt that is secured by cash-generating assets held in other operating entities.

24. While Mallinckrodt plc does not issue external debt, it reports a Net Debt Leverage Ratio based on consolidated financial statements because that is what lenders and debt investors commonly require in connection with standard credit agreements.

FURTHER AFFIANT SAYETH NOT.



John Einwalter

SWORN at 11:55 am

This 12 day of July 2019

Before me Debbie Childs

At St. Louis MO



Signature and Official Seal of
Person qualified to Administer Oaths

